Alberta Economic Development

2002 - 2003
International Offices Annual Report

A World of Opportunities

Alberta Advantage

Alberta
GOVERNMENT OF ALBERTA
CANADA

THE ALBERTA ADVANTAGE

Alberta is blessed with an abundance of natural advantages that form the foundation of its thriving economy. The Alberta government has built on this foundation by fostering a positive business climate based on efficient and modern infrastructure; a young, skilled, productive labour force; a globally competitive business tax environment and the lowest overall personal tax regime in Canada. The result is one of the world's most vibrant and competitive economies, one that encourages investment, creates diversity and encourages Alberta businesses to compete successfully around the globe.

A WORLD OF OPPORTUNITY

Today, the world is a global marketplace of intense competition and untold opportunity. More than 2,000 Alberta businesses export goods and services to more than 150 international markets around the world. Close to half a million jobs are linked to the business Alberta does in international markets. With this in mind, it is increasingly important that Albertans continue to work together, at home and abroad, to promote the prosperity of the province and the development of a strong market driven economy.

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Minister's message

Alberta's economy continued its strong performance this year, aided by its excellent credit rating, and again led the country in per capita investment. Over the past decade, Alberta has the fastest-growing gross domestic product growth rate in Canada.

Alberta's economic growth this year was supported by the outstanding efforts of its international office staff, who improved on their strong performances of recent years. Their efforts, and the addition of new offices in Munich and Mexico City, have helped increase Alberta's international presence.

The Munich office supports Alberta businesses in a significant tourism revenue market and one of the province's largest export markets. Germany is also Alberta's fourth-largest source of foreign direct investment.

The Mexico City office supports more than 500 Alberta firms that are active or interested in this essential North American Free Trade Agreement market. Mexico is Alberta's fastest-growing trading partner, its largest Latin American export market and one of its largest international trading partners.

And, international support for Alberta business doesn't stop there. Alberta has scheduled the opening of a new trade and investment office in London for autumn of 2003.

The United Kingdom market is extremely important to Alberta's economic success. It is the third-largest source of foreign direct investment in Canada, Alberta's largest export market in the European Union and, like Germany, an important source of overseas tourists to Alberta.

Alberta's place on the global economic stage is growing, built by the hard work and dedication of Albertans and supported by its international trade and investment offices. I am proud of the outstanding work the international offices staff have done this year in spreading the Alberta Advantage to new regions.

Mark Norris
Minister of Economic Development
MLA, Edmonton-McClung

Deputy minister's message

Alberta's sustainable economic f ture requires expanded opportunities for Alberta exporters and increased foreign investment in the province. Alberta's international offices play an essential role in shaping that future, opening doors to new markets and helping build the business relationships that are essential to stronger economic ties and its resultant growth.

Our international offices made a considerable contribution to Alberta's economy this year, meeting or exceeding performance targets like the number of business seminars and information sessions held, the number of participants who take part in them and the number of business introductions they completed. At the same time, the offices surpassed the already-high customer satisfaction results of the previous year, with a 92.5 per cent satisfaction rate this year.

Again this year, the international offices staff have helped raise awareness of the Alberta Advantage in important trade and investment markets and have helped business people better understand why Alberta is the best place in the world in which to live, work and invest.

Barry Mehr
Deputy Minister of Economic Development

104-04485/

Executive summary

As in past years, change remained the only constant in 2002-03. Trade barriers continued to evolve and new opportunities continued to open up for Alberta businesses around the world. With a prospering local economy and the support and guidance of the Alberta government, Alberta companies continued to take advantage of opportunities presented to them. While natural resource sectors remain very important to the Alberta economy, we continue to work toward greater diversification to make it more resilient, and to secure a bright economic future.

Alberta's International Marketing Strategy (AIMS) continues to evolve and set a course for the province that makes the most of our potential and delivers maximum return on investment. Alberta's long-term commitment to economic diversification requires the growth of knowledge-based industries and increased trade in value-added goods and business services. In 2002-03, AIMS continued to shift Alberta's international focus from a geographic approach to one that recognizes economic sector interests.

Alberta's international offices play an important role in promoting these sector strategies by providing a bridge to important markets, opening the door for new diversified industrial sectors, showcasing the Alberta Advantage, encouraging investment in our province and, most importantly, identifying trends and resulting opportunities for Alberta businesses.

In February of 2002, Alberta opened a new international office in Munich, Germany. The world's third-largest industrial economy, Germany is the centre of the European Union. The Alberta Germany Office in Munich provides strategic information and business services that identify trade markets for Alberta companies in Europe and opportunities to attract investment to Alberta from Europe.

This past year, Alberta also opened a new international office in Mexico that has already been successful in creating numerous opportunities for Alberta companies. Along with being a member of the North American Free Trade Agreement, Mexico holds enormous promise as a portal to other Latin American countries.

BUDGET

In the 2002-03 fiscal year, Alberta's international offices operated under budget by 0.5 per cent, the result of a concerted effort among all of the international offices to find new ways to improve operational efficiencies and cut costs.

PERFORMANCE MEASUREMENT RESULTS

When looking back and evaluating the performance of the offices over the past fiscal year, 2002-03 will provide the most comprehensive evaluation yet. With two-and-a-half years of documentation, and many lessons learned, the department is better equipped than ever to measure the value of the performance of the offices.

Based on the policy direction given to Alberta Economic Development, significant adjustments have been made to the performance evaluation framework to place even more focus on the key services the international offices deliver. To assess the effectiveness of the international offices, three key performance measures have been collected: the number of business introductions, the number of qualified sales and investment leads facilitated by the international offices, and satisfaction levels of Alberta organizations that have used the services of the international offices. These key performance measures have been integrated into the department's current business plan.

As well, in order to continue to improve the performance measurement of the offices, organizational workshops were delivered to staff of all the international offices on business planning, performance measurement, human resources planning, operations practices and communications planning. By bringing each office in line with common practices and giving them the ability to create their own business plans, the international offices, as a whole, will be able to perform and report with greater consistency. This will result in increased efficiencies and help to illustrate the value of offices in much greater detail.

In the 2002-03, the international offices made 1122 business introductions and generated 440 qualified sales and investment leads. As well, client satisfaction survey results showed an increase with a 92.5-per cent satisfaction rate, surpassing the target of 90 per cent and representing a significant increase from the 87.4-per cent satisfaction rate recorded in 2001-02.

CONCLUSION

Overall, the international offices continue to be of great value to the province of Alberta as an effective means to support international trade and attract investment. Despite a dampened interest in international travel due to fear of terrorism brought about by the lead-up to the war in Iraq and the panic surrounding the outbreak of severe acute respiratory syndrome (SARS) in Asia in the last quarter of the fiscal year, meeting the performance targets set at the beginning of the year and significant increases in client satisfaction indicate a continuing positive trend for the offices.

A world of opportunity

WHERE ALBERTA FITS IN THE GLOBAL PICTURE

Despite the slowdown of the high-tech industry in recent years, a drop in manufacturing output, low growth in capital spending around the world, the lead-up to the war in Iraq and the outbreak of severe acute respiratory syndrome in Asia, Alberta's economy continued to outperform both national and international growth in 2002-03. This positive trend is expected to continue in the coming years and Alberta's international offices will be called upon to help ensure the province is well equipped to deal with significant challenges facing the global economy in the same time frame.

ALBERTA'S KEY INDUSTRIAL SECTORS

The international offices help many Alberta industrial sectors compete on the international stage. While Alberta's traditional sectors such as agriculture, energy and tourism continue to drive the majority of our trade, the need to diversify what Alberta sells to the world has brought growing attention to emerging sectors such as health and bio industries, information and communications technologies.

ADDING VALUE TO THE ALBERTA ADVANTAGE

Each one of Alberta's industrial sectors has value-added potential. Alberta Economic Development is leading nine other government departments in an initiative to adopt a new value-added strategy called *Securing Tomorrow's Prosperity.* The purpose of the strategy is to accelerate Alberta's transition to a broader, more diverse, knowledge-based and globally competitive economy by developing trade and investment in value added products and all of the related services and expertise. The strategy aims to add value to our international exports, grow our tourism industry, create jobs in the information and communications technology industry and significantly increase our GDP growth and labour productivity growth. This is a strategy with a global focus and, as such, it must rely on Alberta's international offices to provide the market intelligence and liaison services that continue to make them valuable to a growing number of Alberta companies.

PROVINCIAL NOMINEE PROGRAM (PNP)

One of the challenges facing Alberta's international future is a forecast shortage of skilled workers – what independent analysts expect will be one of the primary challenges for the Alberta economy over the next 20 years. The provincial nominee program facilitates the process for skilled workers around the world to come and work in Alberta and gives Alberta-based companies the support needed to retain workers, meet skill shortages and save money otherwise spent rehiring and retraining for lost positions. The international offices help raise awareness of Alberta as a place where skilled workers can come to live, work and prosper.

Some of Alberta's hottest value-added sectors

World trade is moving increasingly to manufactured goods and services and businesses around the world are becoming more knowledge intensive. In order to remain competitive globally through increased diversification, innovative Alberta businesses are working in a number of important value-added sectors.

Alberta's international offices are essential to enhancing Alberta's current competitive advantage by telling the world about Alberta's highly skilled workforce, its competitive business edge, its healthy investment climate and its modern infrastructure. At the same time, they play an important role in keeping Alberta businesses informed of new ideas and emerging opportunities in markets identified as essential to Alberta's value-added economic future.

AGRI-FOOD

With a strong and diverse agricultural production base and annual revenues of $9.9 billion Cdn in 2001, Alberta is facing the future with an innovative and entrepreneurial spirit focused on satisfying global demand for value-added agri-food products. Alberta's high quality agri-food products and technological expertise are increasingly recognized and sought in markets around the world. Agri-food is the province's largest manufacturing sector, generating 23.3 per cent of all manufactured goods.

BUILDING PRODUCTS AND VALUE-ADDED WOOD

Alberta's building and valued-added wood sector produces a wide range of products for residential, commercial, industrial and institutional buildings. This industry sector had $5.3 billion in annual revenue in 2001 and is a major contributor to Alberta's manufacturing sector. Companies involved in commodity wood products have been successful in making substantial sales to export markets including the USA, Asia, Western Europe and South America. The industry is rapidly developing a reputation for high quality, energy efficient and environmentally friendly building products.

ENVIRONMENTAL PRODUCTS AND SERVICES

Alberta's environmental industry firms provide over $3.0 billion in goods and services to clients around the world. Their expertise in environmental consulting, remediation, water treatment and recycling help to promote sustainable development by major resource industries. Over 60% of firms indicated they are developing new technologies to address today's environmental problems.

HEALTH & BIO INDUSTRIES

Alberta's life sciences industry spans a wide spectrum of technology areas, from agriculture and forestry to health, from drug discovery to bioinformatics. Alberta leads the country in the licensing of life sciences technology.

OIL AND GAS EQUIPMENT & SERVICES

While Alberta is one of the world's top energy producers with vast reserves of oil and natural gas, its energy sector has much more to offer than raw resources. Alberta companies are world leaders in pioneering leading-edge approaches, technologies and logistics. The world now comes to Alberta for innovative solutions that reduce costs, increase efficiencies for exploration, drilling, production and transportation of oil and gas.

SOFTWARE

Alberta is the most "wired" region in the world and provides an unparalleled operational environment for software companies. Alberta's software industry has grown exponentially since the early 1990s with leadership in oil and gas-related applications and a strong reputation in telecommunications, networking and educational software.

TELECOMMUNICATIONS

Approximately 60 companies are currently operating in Alberta's telecommunications industry. Two industry leaders have developed major network and manufacturing facilities in the province, creating a considerable competitive advantage and bringing Alberta recognition in the international marketplace. Alberta information and technology companies serve markets around the world with annual exports contributing to a large majority of the industry's annual revenues.

PETROCHEMICALS

Alberta is one of North America's major petrochemical centres, with modern world-scale plants producing ethylene and ethylene derivatives for markets in Alberta and around the world. Alberta will export over $3 billion worth of petrochemical products annually for the foreseeable future.

Alberta Economic Development

To understand and evaluate the performance of Alberta's international offices, it is important to understand the direction the Alberta government and its department of Alberta Economic Development are taking.

VISION
Alberta is the best place in the world to live and do business.

MISSION
To facilitate business and community prosperity.

VALUES
Above all, Alberta Economic Development values its key product: The delivery of the right information in the right timeframe to impact industry investment decisions.

CORE BUSINESSES

To ensure that Alberta has a strong and diverse economy, a globally competitive business community and growing tourism industry, the department has established three core areas of business. Alberta's international offices perform functions within these core areas of operation.

CORE BUSINESS 1: STRATEGIC ECONOMIC LEADERSHIP

Alberta Economic Development provides strategic information and planning input for Alberta's economy by identifying the constraints to, and opportunities for, economic sustainability. It also leads in facilitating a coordinated approach to addressing Alberta's economic challenges in collaboration with other government departments and agencies.

Alberta's international offices provide a valuable geographic perspective to trade and investment and have aided in the development of Alberta's International Marketing Strategy and sector teams.

CORE BUSINESS 2: STRATEGIC INTELLIGENCE THAT DRIVES INDUSTRY DEVELOPMENT

Alberta Economic Development provides strategic and market intelligence to facilitate business contacts, relationships, and networks within Alberta and in international markets to increase trade, investment and growth. Strategic intelligence provided by the department also identifies business and market opportunities for Alberta companies, encourages expansion and improves competitiveness. The department also supports regional alliances and economic clusters that attract investment, sustain and retain economic activity.

Alberta's international offices provide valuable local market information that give export-ready Alberta-based companies a foundation from which to investigate and pursue trade and investment opportunities on the international stage.

CORE BUSINESS 3: POSITIONING AND PROMOTING ALBERTA FOR TOURISM TRADE AND INVESTMENT

As the marketing arm of the Alberta government, the department is responsible for coordinating the government's efforts related to tourism marketing and development; investment and business attraction; and export and trade promotion.

The international offices introduce the world to Alberta, promoting the province as a vibrant, attractive tourism and tourism investment destination. The offices also identify international trade opportunities for Alberta companies and showcase investment opportunities to world markets that are considering investing in Alberta.

Alberta's International Marketing Strategy (AIMS)

In 2000, the Alberta Government launched its International Marketing Strategy as part of Alberta's Framework for International Strategies. With the global economy in a constant state of flux, the strategy evolves, identifying Alberta's international trade priorities and outlines initiatives to achieve economic growth. It does this by focussing on regions and industrial sectors that offer the greatest potential for new or expanded business, outlining markets that offer a high potential for return on investment and the efforts Alberta makes to tap into them.

Alberta's international offices continue to provide important information that aids in the evolution of Alberta's International Marketing Strategy from year to year and they follow the direction it provides. The offices are strategically placed in primary trade markets essential to Alberta's economic success and Alberta Economic Development has made it the department's business to know these investment and trade markets as well as it knows Alberta. The everyday operations and dealings of each of the international offices work to carry out this important strategy.

Alberta's International Marketing Strategy 2003: Targeting Tomorrow is a comprehensive guide to individual industry sectors in specific geographic markets around the world. Built on the success of the original international marketing strategy launched in 2000, this new document outlines specific activities and goals that will guide the work of the province's nine international offices into the year 2010.

The role of Alberta's international offices

OPENING DOORS

Simply put, Alberta's international offices bring Alberta-based companies and the international marketplace together. In this way, the offices help to increase both Alberta's exports and international investment in Alberta.

Alberta's international offices not only implement economic development initiatives such as helping Alberta-based companies secure and grow their business presence around the world, they also provide an important point of government-to-government contact. In this capacity, they assist other Alberta government departments with international and inter-governmental relations, acting as a home base abroad, and aid other organizations such as the Alberta Research Council in their international endeavours.

These offices are designed and staffed to meet the needs of Alberta businesses in their pursuit of international success. Specifically, they assist incoming and outgoing trade missions and trade shows and they market Alberta as an investment, tourism and immigration destination. Each office maintains a network of government and business contacts in its local market, making it much easier for visiting Alberta-based companies to identify business opportunities and sources of investment. By forging strategic alliances, the international offices assist businesses in making first contact and effectively aid in foreign joint ventures for trade and investment.

Alberta currently operates nine international offices, with the majority located in the Asian market. The level of staff and service varies from office to office and depends on the requirements of Alberta interests in the particular marketplace.

Alberta Japan office

Japan is Alberta's largest export market after the United States and has been an important market for the province for more than 30 years. Because Japanese business is strongly relationship driven, personal contacts and introductions are essential to establishing solid business relationships. The Alberta Japan Office helps Alberta businesses increase their chances of success, despite the intricate corporate and cultural complexities of Japanese society. Completely bilingual, the staff of the office use their extensive contacts to facilitate business opportunities both in Alberta and Japan.

2002-03 HIGHLIGHTS

In 2002-03, the Alberta Japan Office supported 56 missions to Alberta involving 154 companies. As well, the office handled 71 business visits to Japan involving 197 Alberta-based companies and institutions. As a result, over 100 Japanese media articles (press, radio and TV) raised awareness of Alberta – free exposure that would have otherwise cost $1 million Cdn to buy.

Despite an ailing Japanese economy, the Alberta Japan Office helped foster $1.9-million Cdn worth of new investment involving partner companies in both Japan and Alberta. As well, the office supported $139 million Cdn in new trade activities that benefitted the high-tech, agri-food sectors of the Alberta economy.

The Alberta Japan Office aided in the creation of Advanced Biotechnology Inc., a joint business venture involving Eski Machine Co. Ltd. of Japan, ARC Corporation of Japan and Double T Equipment Manufacturing Ltd. of Airdrie. The joint venture was created to market and distribute the GOMIXER organic waste disposal system in Alberta. The system uses water and heat to break down food industry leftovers, creating water as a byproduct.

"People love to make fun of how useless the government is, but I personally cannot do that anymore...we very literally got this business deal in Japan because of the Alberta Japan Office. They contacted me with a suitable, potential client, assisted with market information and stuck with us through to the end. They are, in great part, the reason we are in Tokyo today."

– Mr. Bernard Callebaut, Chocolates by Bernard Callebaut

OFFICE AT A GLANCE

ESTABLISHED	1970
LOCATION	Place Canada, Third Floor, 3-37 Akasaka 7-chome Minato-ku, Tokyo 107
TYPE	Full Service
STAFF	1 posted, 9 locally engaged (5 locally engaged staff effective April 1, 2003)

SERVICES

- Focused on market intelligence and marketplace services to Alberta businesses, establishing business relationships with Japanese companies, expanding trade opportunities in Japan for Alberta businesses.
- Also involved in investment attraction and tourism opportunity attraction.

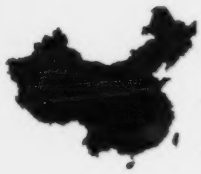
EXPORT SECTORS

Agri-food, building products, chemicals and petrochemicals, energy, environmental products and services, health and bio industries, information and communications technology.

NATIONAL POPULATION (2002)	126.9 million
TOTAL ALBERTA EXPORTS (2002)	$1.2 billion Cdn (rank: 2nd)
MANUFACTURES (1998-2002 AVERAGE)	$701.6 million Cdn
FOREIGN DIRECT INVESTMENT IN CANADA (2002)	$8.6 billion Cdn

MARKET SIZE (2002)

Nominal GDP	$4.0 trillion US (2002 market exchange rates)
GDP/Capita	$27,086 US (2002 purchasing power parity)



Alberta China office

The Alberta China Office consists of two offices in one city. The office's main location is in the city of Beijing within the Canadian Embassy. A second location in the city can be found in the China National Petroleum Corporation – Alberta Petroleum Centre (CAPC). A representative office was also open in the city of Harbin until March 31, 2003.

Alberta's international marketing strategy has identified China as a priority market. With a population of 1.3 billion and a rapidly expanding middle class, China presents Alberta exporters with an enormous consumer base. The Alberta China Office works to create a business environment for big and small enterprises. Office staff are bilingual and experts in the Chinese economy. They actively seek the cooperation of government and organizations to maximize opportunities for Alberta.

2002-03 HIGHLIGHTS

One of the Alberta China Office's priorities is to focus on the value-added food sector, in particular, processed foods. In 2002-03, the office completed several food promotions in five-star hotels and restaurants, including the Capital Club, a very prestigious private-members club in Beijing, and the Westin Hotel Shanghai. This focus was also reflected in the activities within the memorandum of understanding between the Province of Alberta and the Chinese Ministry of Agriculture.

In 2002, Alberta Economic Development Minister Mark Norris visited Beijing and met with the petrochemical, agriculture and foreign trade sectors of the Chinese government. During an Alberta company roundtable, Minister Norris emphasized Alberta's commitment to help Alberta companies' initiatives in the Chinese marketplace.

According to the World Trade Organization, China will be the world's fourth-largest source of outbound travelers by 2020. In 2002-03, Alberta China Office continued to work closely with Travel Alberta to promote Alberta tourism attractions. In September 2002, staff of the office accompanied two journalists from *Trends Traveller*, a prestigious magazine for Chinese travellers, to Alberta. The 10-day trip yielded an eight-page article in the December 2002 issue of *Trends Traveller* and raised awareness of Alberta's tourist attractions to over two million readers.

Expanding at a rate of 20 per cent annually, the education sector is the fastest growing in China. In 2002, Alberta China Office continued to work closely with Alberta Learning to foster Alberta's international education strategy. In October 2002, a 26-delegate mission, lead by Alberta Learning minister, the Honorable Dr. Lyle Oberg, visited Beijing to promote Alberta's expertise in educational goods and services. In total, six agreements were signed during their visit.

In 2002-03, CAPC facilitated a number of missions and meetings between Calgary-based Computer Modeling Group, the Alberta Research Council, a consortium of companies and China United Coal Bed Methane Company in regards to a project that will evaluate the feasibility of injecting carbon dioxide into coal reservoirs to improve the recovery of coal bed methane and reduce greenhouse gases.

With the help of the CAPC office, Teknica, a Calgary-based company signed a contract with Sinopec, the second-largest oil and gas company in China, to do a database design project. As well, in October 2002, Dr. Dennis Salahub of the University of Calgary signed a memorandum of understanding with Sinopec with the aid of the CAPC office.

Using the state-of-the-art video conferencing facility at CAPC, the office introduced Edmonton-based Cross Canada Land Services to the China National Petroleum Corporation to discuss the possibility of performing a feasibility study on professional training in China.

As well, CAPC sponsored a delegation of senior managers from China National Petroleum Corporation to visit Alberta. The trip showcased Alberta leading technologies in natural gas and heavy oil areas. The group met with over 16 companies in March 2003, resulting in 37 business introductions and four qualified leads.

"The introductions and meeting arrangements facilitated between our company and the Human Resources Management of the China National Petroleum Corporation was most helpful and very time sensitive. You made us feel extremely comfortable asking for your assistance in reviewing our documentations prior to forwarding it to the China National Petroleum Corporation for their consideration."

– Karolyn Woof, President, Cross Canada Land Services Ltd.

"As always, I appreciate your friendship and the professional manner in which you approach the promotion of sales of Alberta livestock, genetics and other products associated with Alberta's livestock industry. I feel that the Alberta-China office will continue to be of great importance in our livestock promotions in the future."

– Gary D. Smith, President, Alta Exports International Ltd.

OFFICE AT A GLANCE

Beijing

ESTABLISHED 2000
LOCATION Canadian Embassy, 19 Dongzhimenwai Dajie, Chaoyang District, Beijing 100600
TYPE Full Service
STAFF 2 posted, 4 locally engaged

SERVICES

- Market intelligence and services to Alberta businesses seeking to enter the Chinese market, establishing business relationships with Chinese companies, expanding trade opportunities in China.
- Alberta China Office also promotes the Alberta Advantage and encourages Chinese investment in Alberta.
- China National Petroleum Corporation – Alberta Petroleum Centre advances petroleum and environmental science, technology, education and human resource transfers between Alberta and China.

EXPORT SECTORS
Agriculture; architecture, engineering and construction; aerospace; building products; chemicals and petrochemicals; education and training, environmental products and services; health and bio industries, industrial manufacturing and equipment, information and communications technology.

NATIONAL POPULATION (2001) 1.27 billion
TOTAL ALBERTA EXPORTS (2002) $738.0 million Cdn (rank: 3rd)
MANUFACTURES (1998-2002 AVERAGE) $452.1 million Cdn
FOREIGN DIRECT INVESTMENT IN CANADA (2002) $224 million Cdn

MARKET SIZE (2002)

Nominal GDP $1.2 trillion US (2001 market exchange rates)
GDP/Capita $4,340 US (2001 purchasing power parity)

CNPC - Alberta Petroleum Centre

ESTABLISHED 1989
LOCATION CNPC – Alberta Petroleum Centre, #20 Xue Yuan Road, Science and Technology Building, HaiDian District, Beijing 100083
TYPE Sectoral
STAFF 1 posted, 2 locally-engaged

Alberta Hong Kong office

The Alberta Hong Kong Office assists Alberta companies with market information, export counseling and facilitates joint ventures, strategic alliances and agent/ distributor matches. Against the backdrop of globalization and rapid economic integration between Hong Kong and the Pearl River Delta, the office actively promotes Alberta's expertise in technology and engineering within Hong Kong and southern China where potential partners for commercialization, financing and business applications are located. The Alberta Hong Kong Office prepares tailor-made trade and investment programs for Alberta business and potential Hong Kong investors. As well, specific business opportunities and market intelligence are acquired and posted on the Alberta Hong Kong website.

The office also provides Alberta market and tourist information to Hong Kong firms and individuals. Education, especially Alberta's capability in delivering corporate training programs, is regularly promoted.

2002-03 HIGHLIGHTS

In 2002-03, the Alberta Hong Kong Office presented the Alberta Advantage in five workshops to Chinese business executives attending business management enhancement training in Hong Kong. Along with continuing to build an invaluable network of business contacts, this initiative eventually led to a successful training contract for the University of Alberta.

The office was also successful in matching the interests of an engineering company in Calgary with those of a project developer in Hong Kong, resulting in the development of petrochemical storage and processing facilities in Hong Kong and southern China. The estimated value of the project is $12 billion Cdn. This strategic partnership also opened up business cooperation opportunities in the environmental sector.

As well, in 2002-03, staff of the Alberta Hong Kong Office helped form a strategic partnership between a consultant and service provider in Calgary, and a financier in Hong Kong, to discuss the possible development of a sports clinic in Beijing.

With the help of the Hong Kong office, TRLabs was able to identify and establish contact with telecommunications companies and organizations in Hong Kong and China, which led to further discussion of business cooperation.

When the Chong Qinq Chuan Yi Instrument Company Ltd. of China was looking for a strategic alliance with a North American export company to act as a distributor for Asian instrumentation manufacturers, the office put them in touch with a company in Calgary and created a solid business lead for both companies.

The Alberta Hong Kong Office also assisted the Alberta advanced technology mission in identifying potential areas of collaboration with Hong Kong and China companies, in the areas of nanotechnology, information and communications technology, wireless, advanced materials, and environmental issues. This initiative helped put Alberta on the technology roadmap in Hong Kong and southern China, especially in the areas of nanotechnology and alternative energy.

The office was also successful in using information and communications technology to distribute updated market information among interested companies in Alberta. Vehicles employed included the regular updating of the Alberta Hong Kong Office website (www.alberta.org.hk) and the quarterly dispatch of the electronic newsletter, "Newsflash."

"This is a quick note to express my appreciation for the work the Alberta office in Hong Kong did for us before, during and after my trip to Hong Kong and Shenzhen. The support your team gave was professional and first class. The contacts you set up for us at ZTE, Huawei, China Motion and HTIA are at the right level and the meetings were very productive. I look forward to working with your team in the future to generate more research and business partnerships between Alberta organizations and their Chinese counterparts."

– Michael Leung, Vice President, Business Development, TRLabs

OFFICE AT A GLANCE

ESTABLISHED 1980
LOCATION Room 1004,Tower Two, Admiralty Centre, 18 Harcourt Road, Central, Hong Kong SAR
TYPE Mid-level service
STAFF 1 posted, 3 locally engaged

SERVICES

- Provides market intelligence, information, analysis, export counseling, identification of business partners in trade and investment for Albertans.
- Promotes Alberta Advantage in Hong Kong, Southern China, Taiwan and Southeast Asia.

EXPORT SECTORS

Chemicals and petrochemicals, education and training, environmental products and services, health and bio industries, information and communications technology.

HONG KONG POPULATION (2001)	6.7 million
TOTAL ALBERTA EXPORTS (2002)	$110 million Cdn (rank 15th)
MANUFACTURES (1998-2002 AVERAGE)	$100.8 million Cdn
FOREIGN DIRECT INVESTMENT IN CANADA (2002)	$5 billion Cdn

MARKET SIZE (2002)

Nominal GDP	$164 billion US (2001 market exchange rates)
GDP/Capita	$26,210 US (2001 purchasing power parity)

Alberta Taiwan office

Taiwan is an important trading partner with Alberta, importing a number of agricultural and resource-based products from the province. Taiwan also has a growing demand and is a competitive market for new products. The Alberta Taipei Office works to seek trading opportunities for Alberta companies.

In recent years, biotechnology, digital content and wireless communications are sectors in which substantial capital has been invested in Taiwan. The Alberta Taipei Office provides information on partnership opportunities to Alberta companies and introduces Alberta's capabilities to Taiwan industries. The office also provides market intelligence to Alberta companies doing business in Taiwan and promotes Alberta as the prime investment destination for reaching out to North American markets.

2002-03 HIGHLIGHTS

In June 2002, the Alberta Taiwan Office arranged for Mr. Walter J. Ceroici, head of the Industrial Program Development Branch in the Environmental Sciences Division of Alberta Environment to be one of the guest speakers at the environmental health risk assessment international conference organized by Taiwan's Environmental Protection Agency.

The Industrial Technology Research Institute organized a small and medium-sized enterprises mission to Canada in September, led by the Industrial Technology Research Institute President Shih Chintay. The Alberta Taiwan Office invited the delegation to include Alberta in its itinerary and as a result they visited Edmonton and met with local companies and officials. Working with colleagues in Alberta Economic Development and Alberta Innovation and Science, the Alberta Taiwan Office arranged the meetings for the delegation. The delegation consisted of several researchers from the Industrial Technology Research Institute and representatives from eight technology companies. As a result, a couple of companies are keeping contact with TRLabs and Carry Computer Engineering with expressed interest in using TRLabs' services in the future.

In December 2002, on behalf of three Alberta companies, the Alberta Taiwan Office participated in the North American Free Trade Agreement products catalogue show organized by the Importers and Exporters Association of Taipei to promote the companies' products.

In 2002-03, the office also assisted the Alberta Industrial Heartland Association to publish an article in a petrochemical magazine distributed to managers of petrochemical companies in Taiwan and abroad. The article detailed the unique characteristics and opportunities that exist in the Alberta industrial heartland.

" We were very pleased with the great number of the companies that are in the company-matching program. Your conscientious work made the program very successful and our visit to Edmonton very smooth. We look forward to meeting with you to materialize technology collaborations between Canadian firms and their Taiwanese partners. Thank you very much indeed."

-- Benjamin F. Chen, Technology Transfer & Service Centre, ITRI, Taiwan.

OFFICE AT A GLANCE

ESTABLISHED 1993
LOCATION 13th Floor, 365 Fu Hsing North Road, Taipei, 105, Taiwan
TYPE Sectoral service
STAFF 2 locally engaged

SERVICES

- Promotes Alberta Advantage and provides investment information on Alberta to Taiwan companies planning to enter the North American market.
- Provides ongoing market intelligence and facilitates activities of Alberta business in Taiwan.
- Provides information to Taiwan companies seeking partnership and trading opportunities with Alberta companies.

EXPORT SECTORS

Chemicals and petrochemicals, environmental products and services, health and bio industries, industrial machinery and equipment, information and communications technology.

NATIONAL POPULATION (2001)	22.3 million
TOTAL ALBERTA EXPORTS (2002)	$268 million Cdn (rank: 6th)
MANUFACTURES (1998-2002 AVERAGE)	$218.2 million Cdn
FOREIGN DIRECT INVESTMENT IN CANADA (2002)	$105 million Cdn

MARKET SIZE (2002)

Nominal GDP	$282 billion US (2002 market exchange rates)
GDP/Capita	$23,424 US (2002 purchasing power parity)

Alberta South Korea office

The Alberta Korea Office (AKO) has seen Korea develop into a thriving, democratic nation in the past decade. Today, with greater market access, Korea has become a much more attractive market for Alberta exporters. The office provides information and services relating to business immigration, tourism and market opportunities, as well as providing intelligence to Alberta businesses on Korean market opportunities. Specific investment promotion projects include work in the energy, agriculture, and construction sectors.

Another role of the office includes promoting Alberta as a place of study through the Canadian education fair, individual and group consultations and seminars. Alumni associations of the Alberta universities in Korea have proved to be highly effective in this regard. The office not only promotes Alberta exports, tourism investment and educational opportunities, it also works with Alberta International and Intergovernmental Relations on projects in Kangwon.

2002-03 HIGHLIGHTS

In October 2002, Mr. Y.M. Kim, Chairman of Seoul City Gas Corp. signed a contract for natural gas production at Carson Creek. The estimated natural gas resource is 10 billion cubic feet. Seoul City Gas has since opened its office in Calgary under the name of Seoul City Gas Canada Corporation and has made an additional investment in oil production and entered into a contract with Calgary-based oil and gas exploration company Seventh Energy Ltd. worth $4.35 million Cdn.

As a result of the work of the AKO, the Korean company, Lucky Silicone, has plans to establish a silicone manufacturing plant in Alberta to produce and to supply silicone sealant to the North American construction market. The initial investment in the Alberta market will be $700,000 Cdn and is expected to be finalized toward the end of 2003.

Based on a formalized agreement between Korea National Oil Corporation and the Government of Alberta, Korea National Oil Corporation is continuing to pursue projects by contacting various companies. As a result, Korea National Oil Corporation sent a technical evaluation team to Alberta in February and March of 2003 to pursue an oil sands project.

In July of 2002, senior officials of the Samsung Advanced Institute of Technology visited TRLabs in Calgary to attend the Wireless 2002 conference. The Korean company entered into an agreement of understanding to join TRLabs as an industrial sponsor of the conference. The Samsung Advanced Institute of Technology information technology mission team also met with Calgary IT company, JV Investments. TRLabs has since sent a delegation to the Samsung Advanced Institute of Technology to deliver an IT workshop and continues to build on its relationship with the company.

As a result of an introduction through the Alberta Korea Office, Huvis Corp. is importing $40 million Cdn worth of ethylene glycol from Dow Chemical in Alberta.

In November of 2002, TRLabs signed a research and development agreement with Korean Electronics Technology Institute for collaborative research projects in information technology and nanotechnology.

In November of 2002, Mr. Ha-kyun Yoon, commercial officer for Alberta Korea Office was awarded a plaque of appreciation from the Korea Importers Association for his contribution to international trade in Korea.

On December 16, 2002, The Alberta Korea Office organized "Alberta Appreciation Night" for Korean contacts at the Seoul Hilton hotel. Fifty key Korean business clients were invited, including the chairman of SCG Group, new chairman of Korea National Oil Corporation, new chairman of Korea Petroleum Association, the vice governor of Kangwon Provincial Government and two diplomats from the Canadian embassy. These Korean clients appreciated the chance to learn more about the Alberta Advantage, share their positive Alberta business experiences and encourage others to do business with Alberta in the future.

In 2003, the Alberta Korea Office celebrated 15 years of creating wealth and employment for Albertans through representation in the Korean market.

"I wanted to extend my personal thanks to you and all the members of your team for the extraordinary efforts you went to ensure the success of the Team University of Alberta mission. Thank you for your professionalism, dedication and, most of all, patience. I look forward to the opportunity of continuing to work with you in promoting the University of Alberta in Korea."

– Doug Weir, Director, International Student Service, University of Alberta

OFFICE AT A GLANCE

ESTABLISHED 1988
LOCATION Canada Embassy, 9th Floor, Kolon Building, 45, Mukyo-dong, Chung-ku Seoul 100-170
TYPE Mid-Level service
STAFF 1 Posted, 2 locally engaged

SERVICES

- Positions Alberta as a place to be included in Korean business decisions.
- Provides information, services, and market intelligence relating to trade, tourism, investment and business immigration opportunities.
- Promotes Alberta as a place of study.

EXPORT SECTORS

Building products, chemicals and petrochemicals, education and training, energy, environmental products and services, health and bio industries, information and communications technology.

NATIONAL POPULATION (2002)	48.1 million
TOTAL ALBERTA EXPORTS (2001)	$428 million Cdn (rank: 5th)
MANUFACTURES (1998-2002 AVERAGE)	$366.9 million Cdn
FOREIGN DIRECT INVESTMENT IN CANADA (2001)	$230 million Cdn

MARKET SIZE (2002)

Nominal GDP	$476.4 billion US (2002 market exchange rates)
GDP/Capita	$16,940 US (2002 purchasing power parity)

Alberta USA office

Alberta's representative in Portland, Oregon, provides a wide array of representation for Alberta in the United States. In general, the office promotes Alberta as a reliable partner for both U.S. public and private sectors. The primary goal of the office is to increase awareness of Alberta with key U.S. business and government leaders as a place to do business and invest. The office maintains close ties with key American states, primarily those in the Pacific Northwest, with the objective of including Alberta in the greater Pacific Northwest Region of North America.

The office supports senior level missions to the U.S. aimed at enhancing Alberta's bilateral trade and investment relationships. At an industry level, the office focuses on developing networks for generating market intelligence and leads. The office also works to foster trade and investment through introductions and fulfilling inquiries.

2002-03 HIGHLIGHTS

In December 2002, the office played an important role in Premier Klein's Investment Mission to New York. The mission, which also included Economic Development Minister Mark Norris and Energy Minister Murray Smith, established Alberta as a secure and reliable supplier of energy during the development of the Bush Administration's Continental Energy Policy. The mission also established Alberta as a credible player within the New York business community. In February, Minister Smith led an awareness mission to the Pacific Northwest emphasizing the importance of Alberta to the region's electrical grid and the need for American investment to provide the energy the region will need in the near future.

In 2002-03, the Alberta USA Office was successful in introducing 16 Alberta food processors to a U.S. grocery buyer from Trader Joes, a unique grocery store chain with over 200 stores in 17 states. The initial meetings went very well and were considered by both parties as a successful first step to further dialogue on business opportunities.

The office worked closely with Travel Alberta to identify promotional opportunities for Travel Alberta within the Pacific Northwest Region, resulting in a major promotion in Oregon and southern Washington in March. The Pacific Northwest promises to become an even more important tourism market for Alberta in the future.

The office was also successful in helping Calgary-based brewer Big Rock Beer with its efforts in the American market. With an introduction by the Alberta USA Office to California retailer, Andronicos, Big Rock was able to begin business with this chain.

The office presented Alberta to influential business and government leaders in more than 20 business seminars, numerous trade shows and close to 30 incoming and outgoing missions throughout the year.

"Thank you again for setting up my meeting with the buyer from Trader Joes. I really believe this was a great opportunity for myself and other Alberta companies to showcase our products to them. One of the biggest hurdles facing Alberta companies is just getting in the door to present a product to a U.S. buyer."

– Carlo Facchin, Chief Executive Officer, Prairie Harvest Canada Ltd.

OFFICE AT A GLANCE

ESTABLISHED	1999
LOCATION	One World Trade Center, 121 S.W. Salmon Street, Suite 1100, Portland, Oregon
TYPE	Sectoral service
STAFF	1 posted

SERVICES

- Mandate now includes all priority sectors.
- Focus on providing market intelligence, leads and business facilitation services to Alberta businesses entering the western U.S. market.
- Supports strategic alliances, joint venture and investment creation, improved market access and enhanced trade relations with key American states.

EXPORT SECTORS

Aerospace, agri-food, architecture, building products and value-added wood, chemicals and petrochemicals, education and training, energy, engineering and construction, environmental products and services, information and communications technology, health and bio industries and tourism.

NATIONAL POPULATION (2001)	284.4 million
TOTAL ALBERTA EXPORTS (2001)	$43.4 billion Cdn (rank: 1st)
MANUFACTURES (1998-2002 AVERAGE)	$11.2 billion Cdn
FOREIGN DIRECT INVESTMENT IN CANADA (2001)	$224.3 billion Cdn

MARKET SIZE (2001)

Nominal GDP	$10.44 trillion US (2002 market exchange rates)
GDP/Capita	$36,392 US (2002 purchasing power parity)

Alberta Mexico office

Since the North American Free Trade Agreement of 1994, Alberta's exports to Mexico have been rapidly rising. Mexico has become an important trading partner for Alberta in Latin America. The reason for this is that in addition to NAFTA, Mexico has signed bilateral and trilateral trade agreements with several Latin American countries, and is currently negotiating an agreement with the Mercosur administrative secretariat, involving Argentina, Uruguay, Paraguay and Brazil. Strategically, Mexico now serves as an entry point to the rest of Latin America.

On September 24, 2002, the Alberta Mexico Office officially opened its doors and was inaugurated by Alberta Premier Ralph Klein and Economic Development Minister Mark Norris. The event was attended by over 200 business contacts important to Alberta industry and featured Alberta beef, Big Rock Beer and Select Foods dried ribs. During his stay, the Premier met with various government officials and important Mexican investors and Alberta companies already active in the market to announce Alberta's new presence in Mexico. These officials included the Secretary of Treasury, Francisco Gil Diaz and the Senate Energy Committee, headed by Senator Rodriguez Pratts. In fact, Premier Klein became the first Canadian premier to meet with Mexican President Vicente Fox.

The Alberta Mexico Office now assists Alberta companies with market information, export counseling, and searches for Mexican partners. The office's primary areas of focus are the energy sector, environmental products and services, agriculture and education. Because Mexico's market is still largely dependent on government initiatives, a great deal of effort must be invested in building solid relationships between the Alberta private sector and the government and quasi-governmental agencies, such as PEMEX in Mexico.

2002-03 HIGHLIGHTS

In the short time it has been open, the office has been active in raising local awareness about the province and has worked with the Mexican government in an advisory capacity regarding fiscal and energy reforms. During the first six months of operation, the Mexico office assisted 27 Alberta companies with market inquiries and hosted 15 Alberta delegations to Mexico. Several memorandums of understanding were initiated involving the education sector and energy regulation. These agreements are scheduled to be signed in 2003.

In 2002-03, the office facilitated the visits of two Mexican high-level energy and petroleum delegations to Alberta. During their visits, members of both delegations gave presentations on Mexico's oil and gas markets to the Calgary chapter of the Canada Council of the Americas – which was attended by close to 100 companies on each occasion.

In an effort to strengthen relations between Alberta industry and Alberta Economic Development, the Mexico office strongly supported the Electronic Business Information System (EBIS). This Internet-based service provides companies with leads on projects in Mexico in the oil and gas, agrifood, and environmental industries. Several Alberta companies have participated in the projects as a result. The office remains committed to supporting this initiative and providing intelligence for the service.

"Nexen is a Canadian-based energy and chemicals company with operation worldwide. With the support and guidance of the Alberta Economic Development Office in Mexico City, we hope to capitalize on new opportunities in the country's energy sector through the Multiple Services Contract mechanism. The ongoing facilitation of our activities by the staff of AED in Mexico is invaluable in furthering our growth internationally."

– Dwain M. Lingfelter, Vice-President, Government Relations, Nexen Inc. Calgary, Alberta

OFFICE AT A GLANCE

ESTABLISHED 2002
LOCATION Calle Schiller No. 529, Colonia Polanco Del. Miguel Hidalgo, 11560 Mexico D.F., Mexico
TYPE Sectoral service
STAFF 1 posted, 1 locally engaged

SERVICES

- Provides ongoing market intelligence and network contacts to encourage expanded trade between Alberta and Mexico.
- Promotes the Alberta Advantage and provides export counselling.

EXPORT SECTORS

Energy, oil and gas, environmental products and services, education, agri-food, tourism, forestry and construction.

NATIONAL POPULATION (2001)	100.4 million
TOTAL ALBERTA EXPORTS (2002)	$429 million Cdn (rank: 4th)
MANUFACTURES (1998-2002 AVERAGE)	$206.4 million Cdn
FOREIGN DIRECT INVESTMENT IN CANADA (2002)	$83 million Cdn

MARKET SIZE (2002)

Nominal GDP	$618 billion US (2001 market exchange rate)
GDP/Capita	$8,990 US (2001 purchasing power parity)

Alberta Germany office

The Alberta Government Office in Germany was opened during the Team Canada mission in February 2002. Germany is considered a mature market with well-established trading partners and tremendous investment potential for Alberta. Despite an economic downturn, Germany continues to be Europe's largest economy and the world's third largest.

Located in Munich, the office provides market intelligence, information on trade practices and local customs for potential exporters, and assists with the identification of potential business partners.

The office also promotes the Alberta Advantage to potential investors and businesses interested in pursuing the North American free trade market. Due to Alberta's excellent results in the recent PISA study, education marketing has also become a focal point.

2002-03 HIGHLIGHTS

In 2002-03, the Alberta Germany Office was in the early stages of organization. Ongoing efforts in Germany and Alberta continue to develop an awareness of the office in Germany and its services.

As a result of the Alberta office in Germany, Mrs. Monika Hohlmeier, the Bavarian Minister of Education and Culture included a visit to Alberta during her Canadian study tour in March 2003. Together with Alberta Learning, the Bavarian Minister visited schools in Edmonton to develop a better understanding of the success Alberta registered in the worldwide PISA study.

The office also took part in the annual Bavarian Export Business Day, under the theme of "Friendship and Business in North America". This was a joint presentation of the Bavarian Chamber of Commerce and the Bavarian Ministry of Economics, Transportation and Technology.

Together with Alberta Economic Development, the Munich office attended CeBit, the world's largest information and communications technology trade show. This resulted in increased awareness of and interest in Alberta's capabilities in this sector. Private sector companies also participated.

Substantial assistance was also provided to the highly successful Alberta mission to attract skilled workers to the Province from Germany.

Below is a comment from one of the many Albertans the Alberta Government Office in Munich assisted:

The University of Alberta/University of Calgary EMBA Class of 2003 enjoyed an unprecedented International Business course experience when visiting Berlin and Dresden. The many and varied business, economic, cultural, and political arrangements made on behalf and for the Class of 2003, by the Alberta Office in Munich, Germany, were spectacular. Very high level meetings, not normally extended to an MBA class had been successfully arranged. Meetings with the President of the Land of Berlin and Prinz Alexander von Sachsen, of the Dresden Economic Development Board, are only some of the examples of the high level value of the connections made by the office in Munich

– Hugh D. Weiss, President and General Manager, Opportune Investments Ltd., also as shareholder of Champion Pet Foods Ltd., Morinville, Alberta.

OFFICE AT A GLANCE

ESTABLISHED 2002
LOCATION Canadian Consulate, Tal 29, 80331, Munich
TYPE Sectoral service
STAFF 1 posted, 1 locally engaged

EXPORT SECTORS
Building products, chemicals and petrochemicals, education and training, energy, environmental products and services, health and bio industries, industrial machinery and equipment, information and communications technology.

NATIONAL POPULATION (2001)	82.1 million
TOTAL ALBERTA EXPORTS (2001)	$97 million Cdn (rank: 13th)
MANUFACTURES (1998-2002 AVERAGE)	$118.8 million Cdn
FOREIGN DIRECT INVESTMENT IN CANADA (2001)	$6.75 billion Cdn

MARKET SIZE (2002)

Nominal GDP	$1,992 billion US (2002 market exchange rate)
GDP/Capita	$27,061 US (2002 purchasing power parity)

Measuring performance

There is no doubt that the international offices have made a considerable, positive impact on the Alberta economy over the past fiscal year. Even though the private companies that use the offices often do not divulge the details of their operations, the effectiveness of each office has been carefully measured by examining certain performance factors.

While the 2002-03 performance evaluation framework is based on the framework developed in 2001-02, improvements have been made to the definition of some of the indicators. As a result, the international offices use a standardized monthly report that was developed from the performance evaluation framework. Targets were set based on the previous year's achievement and the targets outlined in Alberta Economic Development's 2002-03 business plan.

Results at a glance

PROCESSES/OUTCOMES

The performance measurement information listed in the following table attempts to capture indicators for the offices in those areas where the type of service offered can be commonly tracked from one office to the next. It is important to note that different cultures and operating environments demand different approaches to doing business and defy tabular comparison among the offices.

ALBERTA ECONOMIC DEVELOPMENT
INTERNATIONAL OFFICES PERFORMANCE EVALUATION - 2002-2003 REPORT

Ref #	Measures:	Target	Year end	Per cent
3.1	number of business seminars/info. Sessions	183	301	164%
3.1	number of participants	12,550	23,297	186%
3.2	number of missions to Alberta # of local	142	163	115%
3.2	number of investors/importing companies involved	317	396	125%
3.3	number of delegations to the target market	232	330	142%
3.3	number of Alberta companies involved	305	487	160%
3a	number of media references	118	166	141%
3b	number of networking sessions	573	806	141%
4a	number of user sessions	402,000	554,834	138%
4b	number of website content updates	130	93	72%
5.2	number of qualified leads	477	440	92%
5a	number of business inquiries	1,961	1,758	90%
5b	number of business introductions	826	1,122	136%
5c	number of business introductions leading to negotiations	232	336	145%
7.1	Total estimated value of investment attracted to Alberta ('000)	7000	18,235	261%

When evaluated using these stringent measurements, the targets set for the international offices were met or surpassed in almost all categories. The notable ones includes 305 business seminars and information sessions (target: 183) with a total of 23,297 participants, 1122 business introductions (target: 826) of which about 30 per cent lead to further negotiations.

Exceptions include: number of website content updates (72 per cent), number of qualified leads (92 per cent), number of business inquiries (90 per cent). The less than ideal frequency with which website content was updated can be attributed to an increase in key activities. In the daily operations of the offices, it would not be uncommon for this task to be placed at a lower priority behind organizing missions, seminars and networking.

As well, while there were a lower number of leads and inquiries reported, this is not necessarily a reflection of the performance of the offices. There are a number of factors that can contribute to the lower numbers. Qualified leads can often take years of attention and cultivation by the offices until they can be considered reportable. As well, other global factors beyond the control of the offices can have an impact on how many people approach the offices for information. World events such as the slowdown of the Japanese economy, the lead-up to the war in Iraq and the severe acute respiratory syndrome (SARS) epidemic that occurred in the last quarter of the fiscal year may be one explanation for the lower-than-expected number of inquiries.

The bottom line is that these figures do not represent a downward trend in the overall performance. This is reinforced by the dramatic fashion in which the other 12 measurements used were surpassed, which directly reflects the unprecedented efficiency and value of the offices.

QUALIFIED LEADS

To better understand the significance of the 440 qualified investment leads achieved this year, there must be a clear definition of what constitutes a qualified lead and the effort involved in generating a lead. A qualified lead is one in which an Alberta-based company has better than a 50 per cent chance of reaching a successful, contractual agreement with a foreign company or government. Each lead is the result of hours of invaluable research performed by the staff of the international offices, an initial introduction performed by office staff, many additional meetings between the companies involved and a follow-up call from a representative of the office. A qualified lead may take several years to cultivate and achieve.

CLIENT SURVEYS

Through surveys of international and Alberta clients, the satisfaction rate for the international offices was determined to be 92.5 per cent overall satisfaction, surpassing the target of 90 per cent, and well above the 87.4 per cent recorded in 2001-02. The survey gathered feedback from clients on their satisfaction levels with regards to three business services provided: business facilitation, advice on cultural and business practices and the provision of market intelligence.

The majority of the clients surveyed were either "somewhat satisfied" or "very satisfied" with the services provided by the international offices, including business facilitation (93.6 per cent) and market intelligence (94.6 per cent). The majority of respondents who felt that the assistance with their business was very important were also satisfied with the assistance they received, 94.3 per cent.

The overall result of the client satisfaction survey clearly indicates that clients are very satisfied with the services provided by the international offices and 99 per cent would consider using the services provided by the offices again. Using suggestions provided by clients in this survey process, the international offices will continue to improve their services and encourage future business.

BUDGET

In the 2002-03 fiscal year, the international offices operated with a surplus of 0.5 per cent. Office staff explored new efficiencies afforded by new technologies. In many cases, teleconferencing was used to bridge the distance at a fraction of the cost of travelling to a meeting.

Future plans and considerations

There can be no doubt that Alberta must continue to pursue international interests in order to continue to create wealth and employment in Alberta. There is much work left for the international offices to do. Given the success of the offices to date and the important role they play in Alberta's global future, additional expansion is planned in the very near future. Keeping true to the strategy set out in AIMS, a new office will open in the United Kingdom in 2003-04.

With one of the world's largest and strongest economies, the United Kingdom is a high-priority trade, investment and tourism market for Alberta. As the third-largest source of foreign direct investment in Canada, the U.K. is Alberta's largest overseas tourism market and Alberta's largest European export market. Based on these facts alone, the establishment of an Alberta presence in the United Kingdom is long overdue. It is expected that this new office will promote Alberta in a market with a GDP of $2.6 trillion Cdn and a population of 60 million. The location of the office will be in the Canadian federal government's High Commission office in London, reducing start-up costs and fostering co-operation with the High Commissioner and our federal government.

Along with this new office comes another year of evolution in the operation of all of the offices. Next year, we expect to see more integration between the international office performance targets and those set out by the department. Based on the findings of organizational workshops, a new and greatly improved performance evaluation framework has been developed that promises to gather the most detailed information to date on the international offices. These new measures are in place for the 2003-04 fiscal year and include monthly report templates that pave the way for constant adjustment and improvements throughout the year.

As well, in the interest of maintaining the integrity of the performance measures, the client satisfaction surveys, and the way they will be delivered are being retooled to be even more effective. The clients of the international offices are responding to the client satisfaction survey administered for the past three years in a row with decreasing enthusiasm. Many of these clients are repeat users and are simply weary of answering the same questions year after year. With this in mind, the survey will not be conducted this next fiscal year, but will resume the following year and then be conducted every two years after that.

Conclusion

Alberta has long looked to the horizon with the vision of creating a sustainable and prosperous future. Alberta's international offices have an impressive history of service, playing an important role in making this vision a reality. Now, more than ever, it is essential that Alberta take its place on the global economic stage. With this in mind, the international offices have greatly improved the way they do business, and continue to do so.

Over the past year, the international offices have worked to develop an even tighter performance evaluation framework that will be used in the following fiscal year. The new framework has been significantly improved and employs more relevant performance measures. This re-evaluation of the performance measures is an indication of the commitment the offices have to continuous improvement.

With these new yardsticks, the international offices will prove their importance to not only the growth of the Alberta economy, but to a brilliant future filled with unprecedented potential and success.

Appendices

ALBERTA ECONOMIC DEVELOPMENT
INTERNATIONAL OFFICES BUDGET VS. ACTUALS COMPARISON

April 1, 2002 – March 31, 2003

	Original Budget 2002/2003	Actual Exp. As at March 31, 2003	Available Funds/ Variance	Variance by %	
Beijing Office	785,000	785,062	-62	0.0%	
Harbin Office	32,000	29,745	2,255	7.0%	
China Alberta Petroleum Centre	758,000	737,919	20,081	2.6%	[1]
Hong Kong Office	553,000	553,031	-31	0.0%	
Taipei Office	188,000	184,767	3,233	1.7%	
Seoul Office	536,500	607,123	-70,623	-13.2%	[2]
Tokyo Office	1,759,000	1,783,125	-24,125	-1.4%	[3]
Portland Office	272,000	269,408	2,592	1.0%	
Mexico Office	390,000	366,712	23,288	6.0%	[4]
Munich Office	440,000	370,008	69,992	15.9%	[5]
Total All Offices	5,713,500	5,686,900	26,600	0.5%	

[1] Declared approximately $14,000 surplus on the training and equipment contract.

[2] In accordance with generally accepted accounting principles established by the Canadian Institute of Chartered Accountants, beginning with the 2001-02 fiscal year Alberta Economic Development has recognized future employee costs related to retirement and separation allowances that locally engaged staff of the international offices receive at the conclusion of their employment. The allowances differ between international office depending upon the local employment laws and practices of the country in which the international office resides. An additional accrual of $24,773 was required for the Seoul office as at March 31, 2003. Also, Alberta Economic Development's co-location charges from the federal government increased by $26,762 from the original estimates.

[3] Referring to [2] above, a restructuring in the Tokyo office has resulted in payout of retirement and separation allowances as well as vacation for four locally engaged employees. Also, an additional accrual of $26,085 is required for the Tokyo office as at March 31, 2003.

[4] The variance is a result of the office being operational for 8 months of the 2002-2003 fiscal year.

[5] The variance is mainly due to the office being not fully staffed for the 2002-2003 fiscal year.

ALBERTA MANUFACTURING EXPORTS
THOUSANDS OF CANADIAN DOLLARS ('000)

	1998	1999	2000	2001	2002	5 Year Average
USA	8,320,083	9,697,419	13,611,253	12,742,454	11,528,290	11,179,900
Japan	645,879	643,583	787,385	771,221	659,782	701,570
China	228,954	317,084	500,148	583,516	630,946	452,130
South Korea	308,564	353,688	477,597	333,582	361,263	366,939
Taiwan	199,533	218,132	222,293	202,425	248,497	218,176
Mexico	126,758	105,522	193,303	307,024	299,595	206,441
Germany	137,152	121,417	151,660	101,348	82,312	118,778
Hong Kong	81,932	92,493	118,672	105,252	105,810	100,832

IMPACT MEASUREMENTS

Increasing exports of Alberta's goods and services to international markets and expanding the amount of foreign direct investment into the province are among the international offices' most basic goals. While a number of factors influence the global flow of goods, services and capital – exchange rates, the health and economic wealth of nations, political regimes, rules and regulations and so on – Alberta's international offices play an important role. The table presented below represents the results of Alberta's presence and activities in selected markets. Data for service trade by market and foreign investment into Alberta cannot be accurately measured and are, therefore, not available. Commodities trade and first-hand accounts of international investments made in Alberta are presented as appropriate proxies.

TOTAL EXPORT COMPARISON FOR THE PROVINCE OF ALBERTA

Countries	(in million C$)	2001 % of Total Alberta Export	(in million C$)	2002 % of Total Alberta Export	% Increase
Japan	1,281.7	2.25%	1,180.0	2.40%	-7.93%
China	873.0	1.54%	738.0	1.50%	-15.46% *
Hong Kong	109.3	0.19%	110.0	0.22%	0.64%
South Korea	471.7	0.83%	428.0	0.87%	-9.26%
USA	50,633.1	89.04%	43,400.0	88.39%	-14.29%
Mexico	477.2	0.84%	429.0	0.87%	-10.10%
Taiwan	211.1	0.37%	268.0	0.55%	26.95%
Germany	111.3	0.20%	97.0	0.20%	-12.85%
TOTAL	54,168.4	95.26%	46,650.0	95.01%	-13.88%
Total Alberta Exports	56,864.5	100.00%	49,100.0	100.00%	-13.65%

Sources: Statistics Canada and Alberta Economic Development: Alberta's International Exports, January to December 2002 (March 2003)

* The drop in exports to China predominantly due to drought in Alberta and reduced supplies of canola seed, wheat and barley for export

INVESTMENT

International investors looking to establish or expand their operations into new markets generally have no shortage of options and invitations. Alberta's international offices play a crucial role in promoting the Alberta Advantage and making sure that these investors make the best choice. The success of these efforts is reflected in significant levels of foreign direct investment in Alberta.

TOTAL FOREIGN DIRECT INVESTMENT COMPARISON FOR CANADA

Countries	(in million C$)	2001 % of Total Canadian FDI	(in million C$)	2002 % of Total Canadian FDI	% Increase
Japan	7,909	2.37%	8,600	2.46%	8.74%
China	217	0.07%	224	0.06%	3.23%
Hong Kong	3,885	1.16%	4,980	1.43%	28.19%
South Korea	218	0.07%	230	0.07%	5.50%
USA	214,227	64.21%	224,300	64.20%	4.70%
Mexico	69	0.02%	83	0.02%	20.29%
Taiwan	104	0.03%	105	0.03%	0.96%
Germany	6,400	1.92%	6,750	1.93%	5.47%
TOTAL	233,029	69.85%	245,272	70.20%	5.25%
Canada Total FDI	333,635	100.00%	349,388	100.00%	4.72%

Source: Statistics Canada

HOW TO CONTACT US

EDMONTON
Alberta Economic Development
4th Floor, Commerce Place
10155-102 Street
Edmonton, Alberta
Canada T5J 4L6
Phone: 1-780-427-4809
Fax: 1-780-422-9127
URL: http://www.alberta-canada.com

CALGARY
Alberta Economic Development
Investment Attraction Branch
Suite 300, 639 – 5th Avenue S.W.
Calgary, Alberta
Canada T2P 0M9
Phone: 1-403-297-8917
Fax: 1-403-297-6168
Email: Investin.Alberta@gov.ab.ca

INTERNATIONAL OFFICES

BEIJING, CHINA
Alberta China Office
Canadian Embassy
19 Dongzhimenwai Dajie
Chaoyang District, Beijing 100600
People's Republic of China
Tel: 86-10-6532-3536, ext 3610
Fax: 86-10-6532-1304
URL: http://www.albertachina.com
Email: david.wong@dfait-maeci.gc.ca

CNPC -
ALBERTA PETROLEUM CENTRE
#20 Xue Yuan Road
Science and Technology Building
HaiDian District
Beijing, 100083
People's Republic of China
Tel: 86-10-6209-8522
Fax: 86-10-6209-8529
Email: angelo.zia@capcbj.com.cn

HONG KONG SAR, CHINA
Alberta Hong Kong Office
Room 1004, Tower Two,
Admiralty Centre,
18 Harcourt Road
Central, Hong Kong SAR
Tel: 852-2528-4729
Fax: 852-2529-8115
URL: http://www.alberta.org.hk
Email: gov.ab@alberta.org.hk

TAIPEI, TAIWAN
Office of the Alberta Trade
Representative in Taipei
Canadian Trade Office in Taipei
13th Floor
365 Fu Hsing North Road
Taipei, 105, Taiwan
Tel: 886-2-2715-3637
Fax: 886-2-2715-1717
Email: lian.chen@dfait-maeci.gc.ca

SEOUL, SOUTH KOREA
Alberta Korea Office
Canada Embassy
9th floor, Kolon Building
45, Mukyo-dong, Chung-ku
Seoul, 100-170
Republic of Korea
Tel: 82-2-3455-6073
Fax: 82-2-773-8966
URL: http://www.albertakorea.com
Email: alberta@seoul.gc.ca

TOKYO, JAPAN
Alberta Japan Office
Place Canada, Third Floor
3-37 Akasaka 7-chome
Minato-ku, Tokyo 107-0052, Japan
Tel: 81-3-3475-1171
Fax: 81-3-3470-3939
URL: http://www.altanet.or.jp
Email: ajo@altanet.or.jp

MEXICO CITY, MEXICO
Alberta Mexico Office
Calle Schiller No. 529,
Colonia Polanco Del. Miguel Hidago,
11560 Mexico D.F., Mexico 11560
Tel: 52-555-387-9302
Fax: 52-555-724-7982
Email: lorena.patterson@dfait-maeci.gc.ca

MUNICH, GERMANY
Alberta Government Office
Canadian Consulate
Tal 29
80331 Munich, Germany
Tel: 49-89-21-99-57-40
Fax: 49-89-21-99-57-57
URL: http://www.alberta-canada.com/germany
Email: reg.kontz@dfait-maeci.gc.ca

PORTLAND, USA
Alberta Trade Office
One World Trade Center
121 S.W. Salmon Street, Suite 1100
Portland, Oregon 97204 USA
Tel: 503-471-1316
Fax: 503-471-1317
URL: http://www.alberta-canada.com/usa
Email: wes.sawatzky@gov.ab.ca

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